NOVA SCOTIA
HOUSING DEVELOPMENT CORPORATION

ANNUAL ACCOUNTABILITY REPORT
FOR THE FISCAL YEAR 2010-2011

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1.0 ACCOUNTABILITY STATEMENT

The accountability report of the Nova Scotia Housing Development Corporation for the year ended March 31, 2011 is prepared pursuant to the *Finance Act* and government policies and guidelines. These authorities require the reporting of outcomes against the Nova Scotia Housing Development Corporation's Business Plan for the fiscal year 2010-2011. The reporting of the Nova Scotia Housing Development Corporation outcomes necessarily includes estimates, judgments and opinions by the corporation's management.

We acknowledge that this accountability report is the responsibility of the corporation's management. The report is, to the extent possible, a complete and accurate representation of outcomes relative to the goals and priorities set out in the Nova Scotia Housing Development Corporation's 2010-2011 Business Plan.

Denise Peterson-Rafuse
Chair, Nova Scotia Housing Development Corporation

Robert Wood
President, Nova Scotia Housing Development Corporation

2.0 Message From the Nova Scotia Housing Development Corporation

It is my privilege to present the 2010-2011 Accountability Report for the Nova Scotia Housing Development Corporation. This report provides an overview of the corporation's progress and accomplishments.

The corporation plays an important role in supporting the Department of Community Services ongoing efforts to help Nova Scotians access safe and affordable housing and maintain their homes.

This year saw the spending or commitment of the balance of the $128 million in federal-provincial stimulus funding that supported new construction, repair and renovation projects across the province. The corporation also continued to help the Department of Health proceed with its Long Term Care Renewal Initiative with the creation of a range of financing tools that helped advance $429 million of the $567 million approved budget for the initiative. Also notable was the completion of the detailed business requirements for the integrated technology solution that will support the corporation's $490 million loan portfolio and housing grant programs.

I hope you will find the following information helpful in understanding the corporation's progress in providing a range of capital financing tools to support government's public policy agenda.

Regards,

Denise Peterson-Rafuse
Chair, Nova Scotia Housing Development Corporation

3.0 INTRODUCTION

The Annual Accountability Report is a report on the progress achieved by the corporation towards the goals, priorities, performance measures, and financial targets established in the 2010-2011 Business Plan, and is available at http://www.gov.ns.ca/coms/department/Publications.html

The Nova Scotia Housing Development Corporation, created in 1986, provides financing for government's social and supported housing programs. It is responsible for holding the province's social housing assets and consolidating the revenues and expenditures associated with operating these assets. The goal of the Nova Scotia Housing Development Corporation is to ensure the province has a range of financial tools available to support government's housing objectives.

Created by the *Nova Scotia Housing Development Corporation Act*, the corporation's activities include:

- the acquisition and disposal of real estate
- negotiating agreements
- borrowing and investing funds
- lending money and guaranteeing payments
- mortgaging property

The staff of the Department of Community Services carry out the management and administration functions of the corporation, but are not direct employees.

REPORT STRUCTURE

This report is organized into two main sections. The first section outlines the corporation's progress and accomplishments against the priorities identified in the 2010-2011 Business Plan. The next section provides details regarding performance measures and the results achieved. The financial results of the Nova Scotia Housing Development Corporation are reported on in the Audited Financial Statements. These statements are available at

http://www.gov.ns.ca/finance/site-finance/media/finance/PublicAccounts2011/2011vol2.pdf

4.0 PRIORITIES AND ACCOMPLISHMENTS

The Nova Scotia Housing Development Corporation secures the necessary funding and manages the related assets that enable the Department of Community Services to provide programs which address the housing needs of Nova Scotians.

The work of the corporation is very closely aligned and integrated with the work of the Department of Community Services. The following accomplishments are in addition to the many ongoing activities that Community Services staff carry out on behalf of the corporation.

Priority: Investing in Housing Infrastructure

In 2009, the Government of Canada and the Province jointly announced a two year investment of approximately $128 million in affordable housing funding initiatives. 2010-2011 marked the second year of this initiative.

As of March 31, 2011, all the available funds have been committed as follows:

- $48.1 million to upgrade, renovate and repair the Province's public housing stock
- $20.6 million for repairs to 1,100 units in co-operatives and non-profits
- $27.4 million in new construction representing almost 200 units
- under the Affordable Housing Program (AHP), $13.3 million to create and preserve 400 units
- $18 million of the Residential Rehabilitation Assistance Program (RRAP) funding to help more than 1,500 households.

This investment in affordable housing has improved the Province's housing stock and improved the quality of life for tenants of our social housing units, and other Nova Scotians in need.

Priority: Funding Support for Government's Public Policy Agenda

The corporation, on behalf of the Province, works to ensure that there are a range of capital financing tools to support government's public policy agenda.

In 2010-2011, the corporation:

- continued to facilitate the creation of mortgage instruments to enable the Department of Health to proceed in a timely and fiscally sustainable manner with its Long Term Care Renewal Initiative. As of March 31, 2011, $429 million of the $567 million approved budget was advanced.

- advanced $1.1 million against Repair and Renovation projects and $3.0 million against Expansion projects to the commercial child care sector to improve the quality of their infrastructure and to increase capacity.

- provided $4.0 million of financing for new and replacement facilities in the Services for Persons with Disabilities program.

Priority: Implement New Technology System for the Housing Administration Project

The information technology system currently used in support of both the loans portfolio and housing grant programs is in need of replacement. This system tracks in excess of $490 million in mortgages, loans, forgivable loans and grants for social housing programs, long term care facilities, disabled persons facilities, Canada Mortgage and Housing Corporation (CMHC) programs and child care programs.

In 2010-2011, the detailed definition of the business requirements was completed for an integrated technology solution that will support the corporation's $490 million loan portfolio and housing grant programs.

5.0 FINANCIAL RESULTS

Please refer to the Audited Financial Statements for the financial results of the Nova Scotia Housing Development Corporation. These statements are available at

http://www.gov.ns.ca/finance/site-finance/media/finance/PublicAccounts2011/2011vol2.pdf

6.0 PERFORMANCE MEASURES

AMOUNT OF FINANCING AND/OR MORTGAGE GUARANTEES

WHAT DOES THE MEASURE TELL US?

The corporation provides financing to qualified agencies to purchase, lease or upgrade housing/shelter related facilities. This involves giving the agencies preferred interest rates for longer term periods than would be provided by private lenders. Agencies are protected from fluctuations in their on-going operating costs. This is particularly important to Community Services and the Department of Health, since publically subsidized per diem rates include financing costs.

This measure reports the amount of financing and/or mortgage guarantees provided to social housing projects. Qualifying projects generally must meet at least one of the following criteria:

- increase the supply of safe, affordable, appropriate and sustainable housing in Nova Scotia
- reduce the long-term interest rate risk to the Province of Nova Scotia
- have an acceptable level of risk to the corporation
- reduce the long term financing costs to the Province of Nova Scotia.

WHERE ARE WE NOW?

The corporation lends funds to service providers upon completion of work and upon receipt of a borrowing request by the service provider. In 2010-2011, the corporation expected to provide up to $260 million in financing and/or mortgage guarantees. However, many facilities under the Long Term Care Bed Renewal Program had delayed opening dates and some facilities utilized existing resources to provide interim cash flows for their projects - both of which deferred lending to the next fiscal year(s).

In 2010-2011, the corporation provided approximately $193.8 million in financing and/or mortgage guarantees, of which, $184.8 million was used to assist long term care facility proponents who are constructing new, replacing, and/or expanding long term care facilities.

Amount of Financing and/or Mortgage Guarantees					
2005/06 (BY)	**2006/07**	**2007/08**	**2008/09**	**2009/10**	**2010/11**
$12.87 million	$9.0 million	$21.7 million	$59.8 million	$192.0 million	$193.8 million

WHERE DO WE WANT TO BE IN THE FUTURE?

The corporation will continue to provide financing to support the Department of Health in the development of new long term beds, the delivery of the province's EnerGuide Loan Program, the construction and renovation of community homes for persons with disabilities, and the commercial child care sector to improve its facilities and create additional child care spaces.

AMOUNT OF HOUSING STIMULUS FUNDS COMMITTED

WHAT DOES THE MEASURE TELL US?

Providing affordable housing options to low and moderate income Nova Scotians is essential for their well-being and that of their families, and for the development of sustainable communities.

In 2009, the Government of Canada and the Province jointly announced a two year investment of approximately $128 million in affordable housing funding initiatives. This measure indicates how much of the Housing Stimulus funds have been committed to creating or preserving affordable housing units.

WHERE ARE WE NOW?

In 2010-2011, the corporation met its target with a commitment of approximately $50 million. As such, by March 31, 2011, all the available funds under this two year investment have been committed.

These funds were used to rejuvenate and green Nova Scotia's public housing stock, create additional housing for seniors, persons with disabilities, and affordable housing options for low-income Nova Scotians, as well as enable government to continue with the Residential Rehabilitation Assistance Program.

WHERE DO WE WANT TO BE IN THE FUTURE?

In 2011-2012, the Nova Scotia Housing Development Corporation, on behalf of the Province, will be negotiating the new Affordable Housing Agreement to secure funding to support the province's social housing agenda.